

SECRET

25X1

BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/63

7 July 1958

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

SECRET

25X1

W A R N I N G

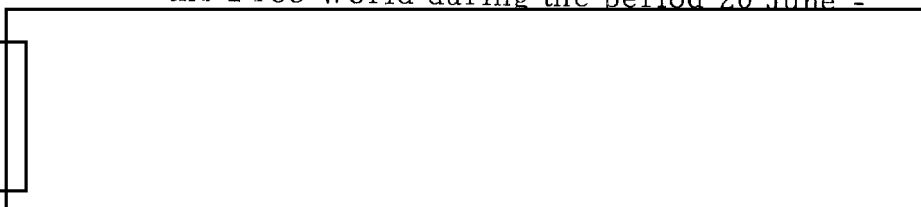
THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the
Central Intelligence Agency

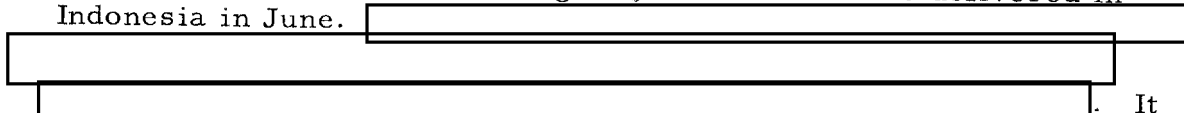
Summary of Events
20 June - 3 July 1958

The reported acceptance by Afghanistan of a Soviet proposal to provide local currency for the construction of the Naghlu hydro-electric project in eastern Afghanistan is the most important development in the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World during the period 20 June - 3 July 1958.



25X1

Four or five Il-28 twin-engine jet bombers were delivered in Indonesia in June.



It is also reported that five Indonesian officials departed on an extended tour of Bloc civil aviation facilities at the invitation and expense of the USSR.

On 19 June the arbitration commission of the Moscow Chamber of Commerce culminated 8 months of hearings by rejecting a \$2.4-million damage suit brought by Israel against the USSR. The damage suit arose from the cancellation of a contract by the Soviet government after the Israeli invasion of Egypt in November 1956. In Syria a group of Soviet technicians reportedly left Damascus on 15 June to carry out local studies connected with the railroad network planned to link Bayr as-Zur with Aleppo and Latakia.

The USSR on 28 June proposed a meeting between Yugoslav and Soviet representatives "for a businesslike discussion" of questions resulting from the unilateral Soviet suspension on 27 May of two large developmental credits to Yugoslavia. Two days later, East Germany signed a supplementary trade protocol with Yugoslavia increasing 1958 targets from \$49.6 million to \$68 million. These actions indicate that,

~~SECRET~~

in spite of the current political controversy with Yugoslavia, the Soviet Bloc apparently does not plan to impose an economic blockade such as was used after Yugoslavia broke with the Cominform 10 years ago.

The Soviet Bloc has been active in offering assistance in petroleum development to underdeveloped countries in the Middle East, South Asia, and Latin America. Bloc technicians are now exploring or drilling for oil in Afghanistan, India, and Yemen, and in Syria a Bloc exploration program is in the offing. The Bloc is also providing financial and technical assistance for the construction of refineries in Syria and India and reportedly has offered to provide industrial equipment for the petroleum industries of Argentina and Brazil.

~~SECRET~~

SECRET

CONTENTS

	<u>Page</u>
I. General (Bloc Assistance in Petroleum Development in Underdeveloped Countries of the Free World) . . .	1
A. Middle East	1
1. United Arab Republic	1
a. Egypt	1
b. Syria	2
2. Yemen	3
3. Iran	3
B. South Asia	3
1. Afghanistan	3
2. Ceylon	3
3. India	4
C. Latin America	4
1. Argentina	4
2. Brazil	5
II. South Asia (Soviet Offer to Provide Local Currency to Afghanistan)	6
III. Southeast Asia (Indonesia)	7
A. Delivery of Additional Bloc Aircraft	7
B. Possible Bloc Penetration of Civil Aviation	8
C. Implementation of Bloc Aid Projects	8

SECRET

~~SECRET~~

	<u>Page</u>
IV. Middle East	10
A. Soviet Rejection of Israeli Oil Suit	10
B. Implementation of Soviet-UAR Economic Agreements (Syrian Sector)	10
V. Europe (Soviet Offers to Discuss Aid Suspension with Yugoslavia)	11

Map

Following Page

Soviet Bloc Assistance to the Development of the Petroleum Industries in Underdeveloped Coun- tries of the Free World, June 1958	1
--	---

~~SECRET~~

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010063-1

Next 12 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010063-1